

# Office of the Consumer Advocate

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May 8, 2024

## Via Email

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

**Attention: Jo-Anne Galarneau**  
**Executive Director and Board Secretary**

Dear Ms. Galarneau:

**Re: Newfoundland Power Inc. – 2025-2026 General Rate Application**  
**Consumer Advocate Issues List**

Further to the above-captioned, enclosed please find the Consumer Advocate's Issues List.

If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours truly,



**Dennis Browne, KC**  
**Consumer Advocate**

Encl.

/jm

cc **Newfoundland Power Inc.**  
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**IN THE MATTER OF** the *Public Utilities Act*,  
R.S.N.L. 1990, Chapter P-47, as amended, (the  
“Act”); and

**IN THE MATTER OF** a General Rate Application  
by Newfoundland Power Inc. (“Newfoundland Power”):  
to establish customer electricity rates for 2025 and  
2026 (the “Application”)

**CONSUMER ADVOCATE’S ISSUES LIST**  
(Submitted May 8, 2024)

The issues of the Consumer Advocate arising in the proceeding are as follows:

- 1) Newfoundland Power’s proposal that the Board approve an overall average rate increase in customer rates of 5.5% effective July 1, 2025.
- 2) Newfoundland Power’s proposed increase in rates, tolls and charges for any rate class.
- 3) Newfoundland Power’s proposed average rate base for 2025 of \$1,406,816,000 and for 2026 of \$1,451,200,000.
- 4) Newfoundland Power’s proposed rate of return on average rate base for 2025 of 7.40% in a range of 7.22% to 7.58% and for 2026 of 7.21% in a range of 7.03% to 7.39%.
- 5) Newfoundland Power’s proposed continuation and use of a range for the rate of return on average rate base and the methodology for returning excess earnings to customers.
- 6) Newfoundland Power’s proposed forecast revenue requirement from customer rates for 2025 of \$768,770,000 and for 2026 of \$789,602,000.
- 7) Newfoundland Power’s business risk and proposed return on equity in both 2025 and 2026 of 9.85%.
- 8) Newfoundland Power’s proposed 45% common equity ratio.
- 9) Newfoundland Power’s proposal for the continued suspension of an automatic adjustment formula, or whether an automatic ROE adjustment similar to that used by the Alberta Utilities Commission or the Ontario Energy Board should be reintroduced.

- 10) Newfoundland Power's proposal to amortize a 2024 revenue shortfall of approximately \$6,722,000 and a forecast 2025 revenue shortfall of approximately \$16,761,000 over a 30-month period commencing July 1, 2025 and ending December 31, 2027.
- 11) Newfoundland Power's conservation, demand management and electrification issues and programming.
- 12) Newfoundland Power's proposed depreciation expenses.
- 13) Newfoundland Power's proposed operating expenses, including advertising and charitable donations, and the need to incorporate the savings in operating costs due to productivity/efficiency improvements arising from capital expenditures and new technologies.
- 14) Newfoundland Power's proposed cost of service study, in particular: 1) the assignment of distribution costs to customers served directly from the transmission system, and 2) cost recovery and allocation to customers of radial and network (looped) transmission system assets. The treatment of transmission system costs proposed by Newfoundland Power and approved by the Board with respect to the Memorial Substation is contrary to fairness principles and industry practice.
- 15) The suitability and need for new/modified policies governing customer contributions toward the costs of new facilities such as the costs to refurbish Memorial Substation. This includes the need for connection agreements with large General Service Rate 2.4 customers such as Memorial University that are directly connected to the transmission system.
- 16) The need for a redesigned wholesale rate with a tail-block energy charge that better reflects marginal costs.
- 17) The need for redesigned retail rates with tail-block energy charges that better reflect marginal costs.
- 18) The need for a new customer class that includes customers served directly from the transmission system.
- 19) The need to update current optional rates to better reflect marginal costs.
- 20) The need for alternative/optional rate designs to promote efficient consumption decisions and provide customers a measure of control over their electricity bills while leading to a more efficient use of the province's existing and planned resources.

- 21) The need for a program that replaces current metering infrastructure with smart meters.
- 22) The proposed rates for Street and Area Lighting customers.
- 23) The need to survey customers about the value they place on reliability.
- 24) The need for an enhanced distribution planning process that evaluates all available alternatives, fairly assesses behind-the-meter alternatives and accurately portrays the possibility and impact of stranded assets.
- 25) Newfoundland Power's treatment and pricing of inter-company transactions.
- 26) Newfoundland Power's Employee compensation, including executive compensation and incentive programs.
- 27) Newfoundland Power's forecast of electricity sales for 2024, 2025 and 2026.
- 28) Such other issues as may arise.

**DATED** at St. John's, Newfoundland and Labrador, this 8<sup>th</sup> day of May, 2024.

Per:



**Dennis Browne, KC**

**Consumer Advocate**

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